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**Special meeting on innovations for infrastructure development and promoting sustainable industrialization**

**Summary record of the 30th meeting**
Held at Headquarters, New York, on Wednesday, 31 May 2017, at 3 p.m.

*President*: Mr. Shava ..... (Zimbabwe)

## Contents

Session I "The industrialization-infrastructure nexus in developing countries" (*continued*)

Session II "The potential of agro-industry and agricultural systems for sustainable development"

Session III "Building capacities and mobilizing resources for infrastructure, industrialization and innovation"

Closure of the special meeting

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*The meeting was called to order at 3.15 p.m.*

**Session I "The industrialization-infrastructure nexus in developing countries"** (*continued*)

1. **Mr. Dennis** (Observer for Liberia), speaking on behalf of the Group of African States, said that industry was an important driver of economic transformation and growth, job creation and human development. The economic opportunities provided by industry stimulated entrepreneurship and enterprise development, technological dynamism and increased efficiency in productivity. Overall, manufacturing and industrial activities were the strongest catalyst for promoting economic transformation. Through industrialization, Africa aspired to achieve increased economic growth and a higher status of human development.

2. The continuing gap in productive industrial capacities in Africa could be attributed to factors such as a lack of industrial finance and investment, inadequate entrepreneurship, energy and infrastructure bottlenecks, fragmented markets, low purchasing power and limited demand. To overcome those challenges, many African countries had undertaken comprehensive policy reforms over the last two decades, but sound policy alone was not sufficient. Skilful mobilization and efficient deployment of financial and non-financial resources were also necessary, as were physical infrastructure, human capital and technological capacities.

3. General Assembly resolution 70/293, proclaiming the period 2016-2025 as the Third Industrial Development Decade for Africa, was welcome. However, previous resolutions proclaiming earlier such decades had never attracted funds to implement specific projects. Those past mistakes should not be repeated: a predictable financing and resource mobilization strategy was the key to realizing the ambition of industrial development in Africa. Supporters of the Third Industrial Development Decade for Africa should therefore establish inter-agency mechanisms for coordination and implementation of that mobilization strategy. Operationalization of the Third Industrial Development Decade for Africa should focus on designing an effective plan for mobilizing essential resources, developing bankable projects and assisting African States in attracting donor support for specific programmes.

4. Promoting resilient infrastructure in Africa required an increase in the quantity and quality of investments, which should be directed towards strategic sectors. Public sector investment, particularly in infrastructure, was urgently needed to attract private investment. There should also be a focus on raising Africa's contribution to the global value chain, on promoting domestic manufacturing capabilities in high value-added or technology-intensive sectors and on developing micro, small and medium-sized enterprises.

5. Promoting and accelerating the formalization of the informal sector had a positive impact on resource mobilization. Enhanced domestic resource mobilization was also needed to boost public investment in infrastructure, particularly in the energy and transportation sectors, where attracting private sector investment had been a challenge. At the same time, capital flight through tax evasion and the illicit transfer of capital across borders should be prevented, and new rules were essential to ensure that multinational companies did not shift profits abroad in order to avoid taxes.

**Session II "The potential of agro-industry and agricultural systems for sustainable development"**

6. **Mr. Patacconi** (Acting Director, Department of Agribusiness Development, United Nations Industrial Development Organization (UNIDO)), moderator, said that, following on from the preparatory meeting held in Victoria Falls, Zimbabwe, in April 2017, session II would provide an opportunity to explore further how agribusiness could have a positive impact in areas such as poverty eradication, social inclusion, climate change and food security. The crucial connection between industrialization and development was recognized at the global level and was reflected both in Agenda 2063: The Africa We Want and in the 2030 Agenda for Sustainable Development. In order to make the most of the untapped potential in developing countries, particularly the least developed countries, there was a need to improve skills, increase access to technology, finance, know-how and markets, and move away from the export of commodities in bulk towards the creation of added value. Action also needed to be taken to reduce waste, increase productivity, address the environmental impact of agriculture, meet the increased demand for agricultural products resulting from urbanization, and enable smallholders to join together without conflicting with the interests of large agribusinesses.

7. **Ms. Dreier** (Head of Agriculture and Food Security and Member of the Executive Committee of the World Economic Forum LLC), panellist, said that the World Economic Forum worked to facilitate public-private partnerships with the aim of addressing key global challenges, such as the need to ensure food

security and sustainable agricultural development. In partnership with national leaders, the Forum had developed models for action that it could offer to the global community.

8. The importance of agriculture for achieving the Sustainable Development Goals in the areas of hunger, poverty, health and the environment was well recognized. There was broad global agreement on the need for a food system that was sustainable, productive and inclusive and that provided nutritious food. However, the current system was not serving either humanity or the planet: the 800 million people around the world engaged in agriculture were living below the poverty line and 2 billion people lacked adequate nutrition, while the sector accounted for 70 per cent of freshwater withdrawals globally and over 30 per cent of greenhouse gas emissions. Given the complexity of the task of improving the food system, the World Economic Forum was striving to think beyond specific issues and projects and was instead pursuing the "system leadership" approach, under which no individual stakeholder was in charge but rather all relevant stakeholders were brought together to work towards a shared goal in a decentralized manner. For example, the New Vision for Agriculture initiative, launched in 2009, was aimed at delivering food security, environmental sustainability and economic opportunity through the agriculture system using multi-stakeholder and market-based approaches. The initiative had been developed through dialogue between governments, private sector leaders, civil society leaders, farmers, experts, the international community and development partners, and over 600 organizations globally were now involved, facilitating the establishment of national partnerships in 21 countries and also regional partnerships such as "Grow Africa", in conjunction with the New Partnership for Africa's Development and the African Union, and "Grow Asia", in conjunction with the secretariat of the Association of Southeast Asian Nations. To date, over $10 billion in private-sector investment commitments had been mobilized, of which more than $2.5 billion had been disbursed, benefiting more than 11 million smallholder farmers through value-chain initiatives at the country level.

9. The New Vision for Agriculture initiative had made it clear that public-private efforts at the national level, in addition to involving all the relevant stakeholders and taking a market-driven approach, should be defined by a national leadership group in line with the priorities and plans of the country in question. They should also be locally owned but supported by international organizations, and should take a holistic approach to the value chain and the food system. Although multi-stakeholder partnerships were not a solution to every problem — indeed, they had high transaction costs — they could be highly impactful in the long run.

10. **Mr. Arildsson** (Head of Internet of Things Product Management at Ericsson), panellist, accompanying his statement with a digital slide presentation, said that Ericsson, which had been a telecommunications company for most of its 140-year history, was currently shifting its focus to the Internet of Things: a network of Internet-connected devices with sensors that sent data into a central system, where knowledge or rules were applied to the data in order to generate commands that were then sent back to the devices to enable them to perform a variety of functions. As part of its Technology for Good initiative, the company was supporting an agricultural project in Malaysia in which the use of sensors to measure water and pH levels in mangrove plantations had led to a 50 per cent increase in the trees' survival rate. Under a project for the measurement of water quality in rivers, the old system of taking manual measurements at seven-day intervals had been replaced with the use of sensors to provide data on an hourly basis, which meant that if, for example, an accident occurred upriver, immediate remedial action could be taken. The company, through its activities in relation to the Millennium Development Goals and the Sustainable Development Goals, had identified a number of prerequisites for the successful delivery of change: an enabling policy framework, including basic communication infrastructure and electronic governance capabilities; solutions-oriented public-private partnerships; and sufficient funding.

11. It was generally agreed that, owing to population growth, global agricultural output would need to increase by approximately 70 per cent by 2050. There was limited scope to achieve that increase either by increasing the amount of land farmed or by harnessing genetic improvements: the former was likely to deliver only 10 per cent of the growth in output needed and the latter only 15 per cent. The remaining 75 per cent would need to be achieved through better data collection and application of knowledge. For example, in one project supported by Ericsson, farmers sent data either manually or using sensors to a central system and subsequently received instructions on what to plant and how and when to plant it, and on watering and fertilization. If a farmer was poorly educated or had a low level of literacy, the instructions could be sent by text message, using appropriate signs or symbols if necessary. Such an application of the Internet of Things

would not only help to feed more people but would also have significant benefits for the climate.

12. The Internet of Things could also be used to increase milk production in cattle farming. Sensors could be placed in the stomachs of cows for their entire life span of four years in order to monitor their temperature, movement and sleep and thus indicate when they were sick and needed medication. The sensors also indicated when a cow was in heat, which allowed for reductions in hormone dosage, and they issued alerts when a calf was about to be delivered, which led to lower mortality rates. In arable farming, weather stations helped to monitor water levels and sensors could be used to measure soil moisture. In the future, satellite imagery was expected to be used increasingly to monitor crops and determine the need for water, pesticides and fertilizers.

13. The potential of the Internet of Things was enormous and should be exploited urgently. Agriculture was a good place to start, since the impact there could be particularly significant owing to the large proportion of the African population employed in the sector. The impact in the transport and utilities sectors was also expected be substantial.

14. **Mr. Polidoro** (President and Chief Executive Officer of Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance (ACDI/VOCA)), panellist, accompanying his statement with a digital slide presentation, said that his organization had its roots in the cooperative movement in the farm sector but now focused on market systems, including value chains and finance. In order to implement the Sustainable Development Goals successfully, it was necessary to build on the interconnections between them. In agriculture, one basic element linking all levels from smallholder farmers up to commercial agricultural development was storage. Without adequate storage, smallholders sometimes lost up to 30 per cent of their crop. Under a warehouse receipt system that had originated in Zambia, a farmer brought a commodity, such as grain, to a warehouse, where it was graded and stored and where the farmer was given a receipt for it. The receipt could serve as collateral for an immediate loan of up to 60 per cent of the value of the grain stored under it, which meant that farmers did not have to sell their entire crop at harvest time, when prices were low.

15. The experience of his organization, first in Eastern Europe and more recently in Africa, had shown that a successful warehouse receipt system was built on three elements: the storage itself, which required adequate infrastructure in terms of roads, transport and warehouse capacity, along with adequate management capacity; a set of rules covering grades and quality standards, certification and inspection, and insurance; and receipts that served as a register of ownership and interests. When a farmer brought a product to a warehouse and took out a loan, the system must ensure that, when the product was eventually sold, the storage fees and the cost of the loan were paid before the farmer received the proceeds.

16. There was a need to increase the amount of financing available in the system. In sub-Saharan Africa, 99 per cent of staple grain commodity sales were self-financed. A warehouse receipt system created a framework for movable collateral on stocks owned by farmers, traders and processors but held in licensed warehouses. The benefits of improved storage were reduced post-harvest losses, improved product quality, stabilized market prices, greater food security as a result of reductions in waste, and increased formalization of businesses in the agribusiness sector. In order for the system to work, farmers had to be aware of market conditions and market prices. Other challenges in establishing a warehouse receipt system were the need to ensure a predictable supply of quality-controlled commodities; the possibility of government interference; and the need to establish an appropriate legal environment. In the African context, the way forward lay in focusing on the interlinkages between storage and quality assurance; planning appropriately with an awareness that the likely timeline for establishing a system was 10 to 15 years; and identifying viable commodities, in other words those that had value in the market above the storage price.

17. **Mr. Bvumbe** (Executive Director for Africa Group 1 Constituency, World Bank), panellist, noting that the population of Africa was expected to reach 2.5 billion by 2050, said that around 60 per cent of the population was employed in agriculture, yet the sector accounted for only one quarter of the continent's gross domestic product. Crop yields stood at only 50 per cent of the international average, and the continent imported food to a value of almost $200 billion per year. Despite the dominant position of the sector, it received only 5 per cent of lending from financial institutions; only a negligible amount went to smallholder farmers, yet they were a key group that needed support if the Sustainable Development Goals were to be achieved. Furthermore, agriculture in Africa required investment of about $40 billion per year but currently received only $7 billion. Sovereign wealth funds, pension funds and private equity were all potential sources of funding that should be tapped.

18. One of the most pressing needs in the African agriculture sector, which consisted mostly of subsistence farming, was to increase productivity so as to make it easier for smallholder farms to establish links with commercial agribusiness. That aim could be achieved through greater use of technology and mechanization, better storage, improved access to global value chains and the use of high-quality seeds and fertilizers. Farmers should also have security of land tenure, which would foster higher productivity and financial inclusion, and should be provided with skills development. In order to cope with extreme weather events, such as the persistent drought that had had a particularly severe impact on the Horn of Africa and Eastern and Southern Africa, agriculture needed to be climate-smart, with increased investment in irrigation infrastructure. Lastly, there was a need to de-risk financing for smallholder farming in Africa by offering guarantees to financial institutions that were prepared to lend to smallholders. That issue could usefully be discussed in the context of the Group of 20 Compact with Africa.

19. **Ms. Macavi** (Food and Agriculture Organization of the United Nations (FAO)) said that agro-industrial development could help drive the transformative side of the 2030 Agenda. A shift towards more sustainable, resilient and inclusive agriculture systems was needed, which would help to fulfil the pledge to leave no one behind.

20. Over 75 per cent of the world's extreme poor lived in rural areas of developing countries, and the full potential of smallholder farmers must be unlocked. Smallholder farmers needed better access to rural infrastructure, agricultural inputs, financing, capacity-building and markets.

21. In many cases, a lack of infrastructure prevented producers from reaching the markets. Support was also needed to build resilience to climate change and increase the sustainability of production and marketing. That was a way to guarantee food security and nutrition, better manage and preserve natural resources, and create decent jobs, since there were many employment opportunities in agriculture, especially for women and youth, and technology could boost entrepreneurship.

22. The African Agribusiness and Agro-industries Development Initiative Plus could provide additional impetus to strengthen existing delivery mechanisms and align agro-industrial development to the 2030 Agenda. It was particularly relevant to countries in special situations, where livelihoods depended principally on agriculture.

23. FAO and UNIDO were working with Member States to achieve Sustainable Development Goal 9 and to support them in transforming rural areas and bringing together the public sector, the private sector and the agricultural communities themselves, which were the agents of change.

24. **Ms. Chartsuwan** (Observer for Thailand) said that Thailand produced around one third of the world's rice and 40 per cent of its population was involved in agriculture and agribusiness. Her country therefore had a particularly good understanding of the importance of sustainable agriculture as a means to eradicate poverty and achieve the 2030 Agenda.

25. Infrastructure development was essential to support agriculture and agro-industry. Thailand had a system for storing flood water during the rainy season, which helped to mitigate the effects of drought. Infrastructure development must go hand in hand with capacity-building so that farmers could fully exploit their land. Thailand had introduced smart farming techniques to modernize the agricultural sector and help farmers boost their productivity.

26. Supporting infrastructure and technical know-how was welcome but it would not be enough to achieve sustainable agriculture. The missing factor was a mindset conducive to sustainable development. Thailand had adopted a national policy to promote a "sufficiency economy" philosophy and a new theory of agriculture. As a result, the agricultural sector had become more sustainable and environmentally friendly by eliminating the dependence on chemical fertilizers, herbicides and pesticides, increasing crop diversity and curbing harmful practices.

27. **Mr. Gayito** (Observer for Ethiopia) said that his Government was implementing an industrial strategy as part of its national development plan and was stepping up its efforts to create a favourable environment for a competitive manufacturing sector, with a particular emphasis on agro-processing, textiles and leaves, areas that would be helpful for forging a link with the agricultural sector. In line with its development priorities, the Government was also building industrial parks to attract foreign direct investment.

28. Ethiopia had forged an excellent partnership with UNIDO to implement its industrial strategy and wished to continue cooperating with its bilateral and multilateral development partners with a view to becoming one of Africa's manufacturing hubs. His Government would also continue to invest in infrastructure development in areas such as energy, irrigation and railways so as to boost its productive

capacity and accelerate its economic structural transformation.

29. In order to achieve the Sustainable Development Goals, least developed countries needed a more favourable global environment and international support for inclusive and sustainable industrialization. The private sector and public-private partnerships had a vital role to play in that regard.

30. Lastly, he wondered what policy measures should be taken to encourage the private sector to invest in long-term projects.

31. **Mr. Winters** (International Fund for Agricultural Development (IFAD)), referring to the New Vision for Agriculture initiative, said that firms were deterred by the high transaction costs of dealing with many individual smallholders and asked how smallholder participation could be increased.

32. **Ms. Mendoza Elguea** (Observer for Mexico) said that she would welcome more information regarding the five production chains that benefited from collaboration.

33. **Ms. Dreier** (Head of Agriculture and Food Security and Member of the Executive Committee of the World Economic Forum LLC) said that policy measures depended on the type of investment. Policies to promote investment in a new seed variety, for example, would differ from those promoting investment in a processing plant. In order to strengthen policy incentives for agricultural investment, therefore, a platform for informal dialogue with the private sector should be created at the national level to better understand policy barriers and how they could be addressed.

34. The New Vision for Agriculture initiative focused on smallholder farmers. Some private firms tended not to include smallholders in their value chains as they believed it to be risky and complicated. However, other companies were finding innovative ways to involve smallholders, including through mobile technology, and were providing them with the information, financing and market linkages they needed to become part of a larger value chain. The best practices of those companies must be shared and they could be encouraged to forge partnerships with companies not used to working with smallholders.

35. **Mr. Bvumbe** (Executive Director for Africa Group 1 Constituency, World Bank) said that, whatever policy was adopted, the private sector needed clarity and consistency, especially on the subject of land tenure. Dialogue was also critical before specific policies were proposed. With regard to smallholder farmers, a community model in India had been very successful in grouping smallholder farmers together, which had reduced the transaction costs.

36. **Mr. Arildsson** (Head of Internet of Things Product Management at Ericsson) said that, not unlike business in general, dealing with smallholders was about building ecosystems. However, the configuration would differ from country to country and it was vital to find a solution that worked at every level of the ecosystem.

37. **Mr. Polidoro** (President and Chief Executive Officer of Agriculture Cooperative Development International/Volunteers in Overseas Cooperative Assistance (ACDI/VOCA)) said that, in some instances, the warehouse receipt system he had referred to earlier had broken down because too many smallholders had been brought in too fast and without sufficient support. Not all smallholders had a sustainable amount of land and resources to generate a surplus; some might do better as farm labourers rather than as farmers.

### Session III "Building capacities and mobilizing resources for infrastructure, industrialization and innovation"

38. **Ms. Dreier** (Head of Agriculture and Food Security and Member of the Executive Committee of the World Economic Forum LLC), moderator, said that the discussion would focus on Sustainable Development Goal 9 and would look at ways to bridge the infrastructure gap and meet the demand for infrastructure financing. Infrastructure was essential to achieving all the Sustainable Development Goals. It was important to consider how the gap could be closed, particularly at the national level, by stimulating investment and building capacity to increase infrastructure development; and how the international community could support those efforts through development cooperation and partnerships.

39. **Mr. García Zalazar** (Mayor of Godoy Cruz, Argentina), panellist, accompanying his statement with a digital slide presentation, said that his city was particularly vulnerable to climate change and was also located in an earthquake-prone area. Progress has been made in improving the infrastructure of Godoy Cruz on the basis of a vision that encompassed sustainable development, environmental protection and innovation in public administration.

40. Cooperation among cities was the first innovative development. A national network had been set up to combat climate change, which was composed of 200 municipalities, 80 of which had a climate change

action plan to mitigate greenhouse gas emissions. The network fostered horizontal cooperation and was also connected internationally through the Global Covenant of Mayors for Climate Change and Energy. Thanks to its action plan, greenhouse gas emissions in Godoy Cruz had fallen.

41. Innovation in public administration had taken three forms, all of which involved the development of new regulatory frameworks to boost sustainable infrastructure. First, a technology park had been built in Godoy Cruz, which had brought together national, provincial and municipal governments, the private sector and universities. Second, all public buildings were powered by renewable energy and an energy generation project had been launched. New industries wishing to start operations in the region had high energy needs, and new municipal regulations were being developed to enable local governments to generate sustainable energy, including solar power. From July 2017, all households in Godoy Cruz that wished to invest in solar panels would receive municipal tax breaks, which would supply the network with considerable extra energy for household consumption and industrial development. Third, a social housing project would be launched in June, which was the outcome of a public-private partnership. The State was providing the land and the utilities, the private sector was responsible for construction and the beneficiaries also made a contribution.

42. His municipality had also striven to make innovations to improve the efficiency and effectiveness of public spending, and its goals in that regard were consistent with the new urban agenda for Latin America. They included providing basic services for all citizens; promoting measures to support cleaner cities; and strengthening resilience in cities to reduce the risk and impact of disasters. The challenge was to turn theory into practice. Some countries had specialized in losing and others in winning, but the time had come to specialize in cooperation in Latin America.

43. **Mr. Bonturi** (Organization for Economic Cooperation and Development (OECD) Special Representative to the United Nations), panellist, said that fixed investment as a percentage of gross domestic product was at a historical low, and productivity growth also remained low, which would make achieving the Sustainable Development Goals particularly difficult. Infrastructure investment had considerable multiplier effects and contributed to inclusiveness and sustainability. The returns were huge, yet infrastructure investment did not occur frequently enough, despite low interest rates in many countries. That major market failure justified coordinated action by Governments to support infrastructure investment worldwide.

44. Official development assistance remained the main source of financing for infrastructure projects in many countries. However, needs far outstripped available resources. Many donor countries were linking their public funds with private investment to produce a multiplier effect and leverage public funds in order to finance infrastructure development in developing countries. Half of the Development Assistance Committee members had already implemented some form of blended finance, but that was a drop in the ocean. OECD had worked with the Group of 20 on a set of principles for long-term investment by institutional investors in order to help all Governments understand how to mobilize public finance, the types of guarantees that could be used and the policy interventions, including capacity-building, that might be needed to leverage private finance. The infrastructure deficit was large in countries at different levels of development.

45. In addition, private investment could not be attracted without a link to the business environment. From an investor's perspective, the energy, infrastructure, transportation and communications industries were generally subject to more trade and investment restrictions. Competition was also often poorly developed in those sectors and public procurement was not sufficiently transparent, which created many barriers to private sector participation in infrastructure development. Green technology was particularly affected by regulatory barriers all over the world. Among its initiatives, OECD had developed policy guidance for investment in clean energy infrastructure, and was determining how national regulatory frameworks could be adapted to attract more investment.

46. Nevertheless, money alone did not guarantee success, as much depended on governance, which helped improve the returns and attract private investment. Governance referred to government capacity to identify needs, analyse how to meet them, involve the right stakeholders at the right time and ensure that all key governmental decision-makers were working towards the same goal. At the request of the Group of 20, OECD had developed an infrastructure governance framework that addressed many specific challenges.

47. Corruption was another challenge. Two thirds of foreign bribery cases occurred in the energy and infrastructure sectors, and to help countries cooperate

on fighting corruption, the United Nations and OECD had produced guidelines on combating bid rigging and integrity in public procurement. All OECD initiatives were open to participation from all Member States and indeed the process would only be meaningful if it involved broad participation.

48. **Mr. Winters** (Associate Vice-President, a.i. Strategy and Knowledge Department of the International Fund for Agricultural Development (IFAD)), panellist, said that, in a recent study by the United Nations Children's Fund and FAO on cash transfers to farmers, it had been shown that when farmers, as businesspeople, were given cash, they spent the vast majority of it on production. In order to unleash their potential, farmers needed to work within organizations and be provided with technologies and microfinancing credit.

49. The potential of farmers could be harnessed to improve infrastructure. One example was related to irrigation. As less than 5 per cent of arable land was irrigated in sub-Saharan Africa, replacing rain-fed farming with irrigation would unleash the potential of farmers. Such a transition would not only require investment, but also water user associations for irrigation management. Another example concerned farmers' organizations. In Kenya, IFAD supported a dairy cooperative whose farmers had demanded that the Government invest in infrastructure. As a result, the Government had built 2,000 kilometres of road to link small communities to national infrastructure so that those farmers could transport their goods to markets.

50. Industrialization did not necessarily entail urbanization and industries need not be located in cities, but many countries had a significant urban bias and did not invest resources properly in rural areas. Ministries of agriculture tended to focus on rural areas but were ignored by ministries of industry or public works, which did not communicate with each other. International institutions, whose agricultural and industrialization departments often failed to communicate with each other, were also problematic. In order to effectively mobilize resources, there need to be a balance between urban and rural areas.

51. **Mr. Adeyemi** (Economic Commission for Africa) said that interactions between the Commission and the private sector had led to two key discoveries. Firstly, investors had said that investment in Africa was too risky, and secondly, that there were too many rules, regulations and policies governing transboundary infrastructure. In response, the Commission had finalized a continental model law governing procurement, project development and project ownership. Furthermore, it had carried out a comprehensive risk analysis of all 16 infrastructure projects approved at the Dakar Financing Summit for Africa's Infrastructure in 2014. The Commission would begin helping African countries domesticate the model law in August 2017.

52. **Mr. Sibanda** (Zimbabwe) said that his country had tried to control recurring expenditures in order to free up funds for infrastructure. Another challenge was that domestic resource mobilization in many countries, including Zimbabwe, had been compromised by the illicit outflow of funds, which left little for infrastructure development and deprived Africa of up to $60 billion each year. Zimbabwe had also tried to formalize its growing informal sector by developing infrastructure, which would help in the collection of taxes.

53. The creation of special economic zones was critical for industrializing the agricultural sector in each province. That would ensure infrastructure was in place for rural development and help attract international companies to work within those zones by providing the necessary incentives.

54. With respect to resource mobilization, the large Zimbabwean diaspora had been enlisted to purchase bonds to finance bankable infrastructure projects. Another positive development had been the creation in Zimbabwe of "one-stop-shop" investment centres. There was a perception that African projects were not profitable, but such centres allowed the Government and the private sector to process foreign direct investment in the shortest possible time so that they could channel investment to water, energy and road infrastructure.

55. **Mr. Aguirre Vacchieri** (Chile) said that it had been interesting to hear about the challenges posed by infrastructure development and industrialization all around the world, but especially in developing countries. Although there were some common challenges, each region had also encountered specific problems. He wondered if more information could be provided on the mayors' network, whether a broader network existed and how it was structured. On the subject of capacity-building, needs varied according to a country's level of development. The private sector was often only interested in investing when a sufficient number of large projects had been initiated. However, most developing countries did not have the capacity to do that and he wondered how that challenge could be addressed.

56. **Ms. Gandini** (Argentina) asked what incentives the State could offer to promote public-private partnerships.

57. **Ms. Song** Miyoung (Republic of Korea) said that the climate resilience of infrastructure projects was an important consideration and that public resources should be used to unlock private resources to fill financing gaps. She asked which capacity-building initiatives would be most effective for fostering climate-resilient infrastructure projects, and how resources could be better leveraged for resilient infrastructure.

58. **Ms. Dreier** (Head of Agriculture and Food Security and Member of the Executive Committee of the World Economic Forum LLC) said that the World Economic Forum had been establishing national infrastructure acceleration working groups in collaboration with national Governments, where investors and Governments were brought together to identify specific projects requiring investment. It also provided technical support for the drafting of business plans. A robust project pipeline was needed to connect the supply of capital to the demand.

59. **Mr. García Zalazar** (Mayor of Godoy Cruz, Argentina) said that, owing to urbanization in Latin America, cities had new needs and national policymaking had been slow to respond. As a result, the mayors' network had been set up to combat climate change. Participating municipalities had to measure their greenhouse gases emissions and adopt a local action plan that generally focused on infrastructure investment, particularly in the areas of energy and public transport. The network had expanded considerably in recent years; membership was voluntary, it received no funding, and consisted of cooperation agreements, primarily in the area of technical cooperation.

60. A national law had been adopted regulating public-private partnerships, but it did not yet apply to the provinces. His municipality, which had some local autonomy, had developed its own social housing initiative in response to one of the principle demands of the local population. However, there were two conditions for its implementation. The first was fiscal balance in the public accounts, since basic needs must be met before more complex ones could be considered. Second, judicial security had to be in place to provide the private sector with the necessary guarantees.

61. **Mr. Bonturi** (Organization for Economic Cooperation and Development (OECD) Special Representative to the United Nations) said that the complexity of blended finance schemes should not be underestimated, as some had taken years to put together, and it was not realistic to expect all risks to be borne by the public sector while the private sector took none yet still expected high returns. There were therefore limits to what could be achieved with blended finance, although it was part of the solution.

62. Technical cooperation was perhaps the most cost-effective method of supporting development in least developed countries. While OECD was not designed to carry out technical cooperation on its own, it did so in coordination with the United Nations system and regional development banks. A well-known example of such collaboration was Tax Inspectors Without Borders, a joint project of OECD and the United Nations Development Programme that provided capacity-building for tax departments in developing countries to help improve the collection of corporate and income tax. Every dollar spent by donors on that project had exponential multiplier effects.

63. **Mr. Winters** (Associate Vice-President, a.i. Strategy and Knowledge Department of the International Fund for Agricultural Development (IFAD)) said that large-scale finance and microfinance were both readily available, but there was very little medium-level financing for projects. However, there was a healthy demand for medium-sized loans for projects. For example, the European Union had invested $10 million in the Yield Uganda Investment Fund to provide loans of between $100,000 and $500,000 for various projects, and 16 local companies had immediately applied for those funds. IFAD was trying to work in the area of medium-sized funding, and had started an initiative called the Smallholder Investment Fund to attempt similar medium-sized project financing outside of Uganda.

**Closure of the special meeting**

64. **Mr. Wu** Hongbo (Under-Secretary-General for Economic and Social Affairs) said that economic growth and job creation were largely dependent on enhancing productivity and upgrading industrial sectors. However, doing so was impeded by infrastructure gaps, which curtailed progress on poverty eradication and sustainable development, especially in developing countries. Both hard and soft infrastructure was mutually supportive and reinforcing, and integrated action must therefore be taken in pursuit of the 2030 Agenda.

65. The 2017 report of the Inter-Agency Task Force on Financing for Development, entitled "Financing for Development: Progress and Prospects", had demonstrated that investment in the productive sector

and in sustainable infrastructure could spur growth and support climate-smart energy. An important finding in the report was that investment incentives should be aligned with long-term funding. In order to do so, all actors, including long-term investors, rating agencies, Governments, civil society organizations and international organizations should be brought together. Concrete initiatives announced by FAO and UNIDO showed how funding incentives and technical assistance could be better aligned with the demands of the 2030 Agenda.

66. It was encouraging to see Member States, experts and the United Nations system devise solutions to achieve the Sustainable Development Goals, particularly Goal 9. Stakeholder dialogues and partnerships were growing stronger every day, and the engagement of Member States brought the achievement of Goal 9 closer, thanks largely to the groundwork laid by the Council.

*The meeting rose at 6 p.m.*